
HOUSE BILL 2556

State of Washington 60th Legislature 2008 Regular Session

By Representatives Morris, VanDeWege, Hudgins, and Chase

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1 AN ACT Relating to annual utility conservation targets; and
2 amending RCW 19.285.040.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 19.285.040 and 2007 c 1 s 4 are each amended to read
5 as follows:

6 (1) Each qualifying utility shall pursue all available conservation
7 that is cost-effective, reliable, and feasible.

8 (a) By January 1, 2010, using methodologies consistent with those
9 used by the Pacific Northwest electric power and conservation planning
10 council in its most recently published regional power plan, each
11 qualifying utility shall identify its achievable cost-effective
12 conservation potential through 2019. At least every two years
13 thereafter, the qualifying utility shall review and update this
14 assessment for the subsequent ten-year period.

15 (b) Beginning January 2010, each qualifying utility shall establish
16 and make publicly available a biennial acquisition target for cost-
17 effective conservation consistent with its identification of achievable
18 opportunities in (a) of this subsection, and meet that target during
19 the subsequent two-year period. At a minimum, each biennial target

1 must be no lower than the qualifying utility's pro rata share for that
2 two-year period of its cost-effective conservation potential for the
3 subsequent ten-year period.

4 (c) In meeting its conservation targets, a qualifying utility may
5 count high-efficiency cogeneration owned and used by a retail electric
6 customer to meet its own needs. High-efficiency cogeneration is the
7 sequential production of electricity and useful thermal energy from a
8 common fuel source, where, under normal operating conditions, the
9 facility has a useful thermal energy output of no less than thirty-
10 three percent of the total energy output. The reduction in load due to
11 high-efficiency cogeneration shall be: (i) Calculated as the ratio of
12 the fuel chargeable to power heat rate of the cogeneration facility
13 compared to the heat rate on a new and clean basis of a
14 best-commercially available technology combined-cycle natural gas-fired
15 combustion turbine; and (ii) counted towards meeting the biennial
16 conservation target in the same manner as other conservation savings.

17 (d) The commission may determine if a conservation program
18 implemented by an investor-owned utility is cost-effective based on the
19 commission's policies and practice.

20 (e) The commission may rely on its standard practice for review and
21 approval of investor-owned utility conservation targets.

22 (2)(a) Each qualifying utility shall use eligible renewable
23 resources or acquire equivalent renewable energy credits, or a
24 combination of both, to meet the following annual targets:

25 (i) At least three percent of its load by January 1, 2012, and each
26 year thereafter through December 31, 2015;

27 (ii) At least nine percent of its load by January 1, 2016, and each
28 year thereafter through December 31, 2019; ~~((and))~~

29 (iii) At least fifteen percent of its load by January 1, 2020, and
30 each year thereafter; and

31 (iv) At least twenty-five percent of its load by January 1, 2025,
32 and each year thereafter.

33 (b) A qualifying utility may count distributed generation at double
34 the facility's electrical output if the utility: (i) Owns or has
35 contracted for the distributed generation and the associated renewable
36 energy credits; or (ii) has contracted to purchase the associated
37 renewable energy credits.

1 (c) In meeting the annual targets in (a) of this subsection, a
2 qualifying utility shall calculate its annual load based on the average
3 of the utility's load for the previous two years.

4 (d) A qualifying utility shall be considered in compliance with an
5 annual target in (a) of this subsection if: (i) The utility's weather-
6 adjusted load for the previous three years on average did not increase
7 over that time period; (ii) after December 7, 2006, the utility did not
8 commence or renew ownership or incremental purchases of electricity
9 from resources other than renewable resources other than on a daily
10 spot price basis and the electricity is not offset by equivalent
11 renewable energy credits; and (iii) the utility invested at least one
12 percent of its total annual retail revenue requirement that year on
13 eligible renewable resources, renewable energy credits, or a
14 combination of both.

15 (e) The requirements of this section may be met for any given year
16 with renewable energy credits produced during that year, the preceding
17 year, or the subsequent year. Each renewable energy credit may be used
18 only once to meet the requirements of this section.

19 (f) In complying with the targets established in (a) of this
20 subsection, a qualifying utility may not count:

21 (i) Eligible renewable resources or distributed generation where
22 the associated renewable energy credits are owned by a separate entity;
23 or

24 (ii) Eligible renewable resources or renewable energy credits
25 obtained for and used in an optional pricing program such as the
26 program established in RCW 19.29A.090.

27 (g) Where fossil and combustible renewable resources are cofired in
28 one generating unit located in the Pacific Northwest where the cofiring
29 commenced after March 31, 1999, the unit shall be considered to produce
30 eligible renewable resources in direct proportion to the percentage of
31 the total heat value represented by the heat value of the renewable
32 resources.

33 (h)(i) A qualifying utility that acquires an eligible renewable
34 resource or renewable energy credit may count that acquisition at one
35 and two-tenths times its base value:

36 (A) Where the eligible renewable resource comes from a facility
37 that commenced operation after December 31, 2005; and

1 (B) Where the developer of the facility used apprenticeship
2 programs approved by the council during facility construction.

3 (ii) The council shall establish minimum levels of labor hours to
4 be met through apprenticeship programs to qualify for this extra
5 credit.

6 (i) A qualifying utility shall be considered in compliance with an
7 annual target in (a) of this subsection if events beyond the reasonable
8 control of the utility that could not have been reasonably anticipated
9 or ameliorated prevented it from meeting the renewable energy target.
10 Such events include weather-related damage, mechanical failure,
11 strikes, lockouts, and actions of a governmental authority that
12 adversely affect the generation, transmission, or distribution of an
13 eligible renewable resource under contract to a qualifying utility.

14 (3) Utilities that become qualifying utilities after December 31,
15 2006, shall meet the requirements in this section on a time frame
16 comparable in length to that provided for qualifying utilities as of
17 December 7, 2006.

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